

Internal Revenue Service

Department of the Treasury

Director
Director

P.O. Box 25010, Angeles, Calif. 90025

Person to Contact

Telephone Number

Refer Reply to

Date

APR 12 1983

Gentlemen:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954.

The information submitted with your application shows that you were incorporated on [REDACTED] in the state of [REDACTED].

The purposes for which your organization was formed, as stated in your articles of incorporation are:

"...to conduct the business of providing automotive related sporting events of any and all types, to include speed contests of all types, for its members and any other interested persons, and to conduct seminars and instructional courses in driver safety and automotive handling characteristics."

Section 1.501(c)(3)-1 of the Income Tax Regulations relates to the definition of the organization and operation of organizations described in section 501(c)(3). It is quoted, in part, as follows:

"(a) Organizational and operational tests. (1) In order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

(2) The term exempt purpose or purposes, as used in this section, means any purpose or purposes specified in section 501(c)(3)...."

The exempt purposes specified in section 501(c)(3), are as follows:

"religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities

or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation, (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), and political campaign on behalf of any candidate for public office."

Your bylaws state that the purpose and activities for which your organization has formed are as follow:

"To promote interest in sports cars and other fine automobiles; to encourage the safe and skillful operation of automobiles by developing, arranging, and regulating closed circuit road racing, rallying and other forms of automotive competition and through related racing and recreational activities."

This purpose is primarily recreational, which is not an exempt purpose under section 501(c)(3) of the Internal Revenue Code.

We have concluded that you are not entitled to exemption from Federal income tax as an organization described in section 501(c)(3) of the Code, inasmuch as you are not organized and operated exclusively for one or more of the exempt purposes specified in that section. Nor do you qualify for exemption under any other section of the Code.

Contributions made to you are not deductible by the donors as charitable contributions as defined in section 170(c) of the Code.

If you are in agreement with this proposed determination, please execute the enclosed agreement Form 6018. Please note the signature instructions on the back of that form.

If you are not in agreement with this proposed determination, we recommend that you request a hearing with our office of Regional Director of Appeals. Your request for a hearing should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a hearing. The hearing may be held at the office of Regional Director of Appeals or, if you request, at a mutually convenient District Office. A self-addressed envelope is enclosed.


If we do not hear from you within 30 days from the date of this letter, and you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies and will then become our final determination. Section 7428(b)(2) of the Internal Revenue Code provides in part that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

The appropriate state officials will be notified of this action as required by Section 6104(e) of the Code, if and when this becomes our final determination.

You are required to file income tax returns annually with your District Director.

Thank you for your cooperation.

Sincerely yours,


District Director

Enclosure:
Publication 892
Form 6018
Envelope